

**AMENDED
MINUTES OF REGULAR MEETING
OPEN SESSION
ILLINOIS GAMING BOARD
DECEMBER 17 and 18, 2007
CHICAGO, ILLINOIS**

NOTE: ITEMS IN **BOLDFACE PRINT** REFLECT OFFICIAL BOARD ACTIONS

On Monday, December 17, 2007 a Regular Meeting of the Illinois Gaming Board (“Board”) was held in the conference room of the Gaming Board Offices on the 3rd floor at 160 N. LaSalle, Chicago, Illinois.

On Monday, December 17, 2007 at 10:20 a.m. the following Board Members were present: Chairman Aaron Jaffe, Members Charles Gardner, Eugene Winkler, and Joseph Moore.

At 10:20 a.m. on Monday, December 17, 2007 Chairman Jaffe called the meeting to order. Pursuant to Section 2(c), paragraphs (1), (4), (11), (14) and (21) of the Open Meetings Act and Section 6(d) of the Riverboat Gambling Act, Member Gardner moved that **the Board retire to Closed Session to discuss the items listed under Closed Session on today’s agenda and relating to the following subject matters:**

- 1. Pending Litigation and matters involving probable litigation;**
- 2. Investigations concerning applicants and licensees;**
- 3. Personnel matters; and**
- 4. Closed session minutes.**

Member Gardner seconded the motion. The Board approved the motion unanimously by roll call vote. The Board remained in Closed Session until approximately 12:45 a.m. and recessed until 10:40 a.m. on December 18, 2007. The Board went into open session at 1:10 p.m.

Roll call was taken at the start of the open session with Chairman Jaffe, Members Gardner, Winkler, Sullivan and Moore present.

APPROVAL OF MINUTES –

Member Gardner moved that **the Board approve the closed session minutes of its Special Meeting of December 3, 2007, and the open session minutes of the Special Board meeting of December 3, 2007.** Member Moore seconded the motion. The Board approved the motion unanimously by roll call vote.

CHAIRMAN’S REPORT/COMMENTS – no motion

The Chairman remarked about due diligence regarding employees because the casinos have not done their job in screening their applicants. The Board expects the casinos to screen more thoroughly and if not, fines will be issued to the casinos.

The Chairman commented on legislation for casino expansion; he went on to state how the present Board had revoked Emerald's license and caught up on all the backlog of the licensees' applications awaiting approval. The Board is now set to seek an investment banker for the Emerald license. The Chairman stated that this present Board has stabilized the process within the last 3 years. If the legislature wanted to do the right thing in Illinois, just give the IGB the staff that it needs and fund this Board the way it should be funded.

ADMINISTRATOR'S REPORT – no motion

BOARD MEMBERS' COMMENTS – no motion

Member Winkler commented on the recent question concerning the promotions on the riverboats that were referred to as a lottery by a member of the public. The elements of gambling, consideration, chance and prize are the same elements that comprise the definition of lottery. Our staff is very diligent in processing these promotions. 399 submissions were processed in the year of 2006, and **Member Winkler moved that the Board waive the attorney client privilege between the Gaming Board and Mr. Fries, and make the document that Mr. Fries authored available to the public.** Member Sullivan seconded the motion. The Board approved the motion unanimously by roll call vote.

PUBLIC COMMENTARY – Alex Yarborough

Mr. Yarborough addressed the Board; he is president of the Illinois Council on Problem Gambling (ICPG). The organization supports the Illinois Gaming Board. The ICPG just completed a 12 month study of examining their core process; we thank the Gaming Board for its support of the Council. ICPG has a dedicated Board of Directors and its staff is very efficient in implementing policy and goals.

OWNER LICENSEE ITEMS –

Items for Initial Consideration –

- Penn National Gaming – Acquisition of Penn National Gaming by Fortress Investment Group LLC and Centerbridge Partners

Martha Sabol addressed the Board.

Tom Auriemma Vice President and CCO – Penn National

A merger agreement was entered into with Fortress Investment and Centerbridge Partners. The Company will be a private company; this transaction will not alter or modify the way the company operates. Peter Carlino will remain with the company, senior management will remain with the company, no layoffs will take place and management level at all the properties will remain the same. All necessary documents were filed in August to have this merger approved by the Gaming Board. Penn National operates 19 different facilities in 15 different jurisdictions.

This transaction will not result in any operational changes. We operate 3 facilities in Illinois. The Ohio Racing Commission has approved the merger and the New Jersey Racing Commission will consider the merger at their February, 2008 meeting.

Bill Doniger – Managing Director of Fortress Investment

Fortress was formed in May, 1998. 700 employees are located within our main office in New York. Offices are spread throughout the United States and in Europe. We manage large pension funds and endowments which consist of hedge funds investing and trading in liquid markets, with private equity businesses investing in companies.

Steven Price – Senior Managing Director of Centerbridge

We are a younger and smaller version of Fortress – less than 2 years old. We focus on traditional private equity and distressed company investing to ensure flexibility in different market environments.

Frank Schrek – Regulatory Counsel

All of the entities and individuals who represent 100% of the control and management of Penn National after the transaction have filed Personal Disclosure Forms with the Illinois Gaming Board. Mr. Schrek went on to explain the table that was distributed in a handout to all the Board members and Senior Staff. The licensing structure is similar to that approved by the Illinois Gaming Board and numerous other jurisdictions in the Harrah's transaction.

When creating this structure 8 or 9 years ago from a regulatory standpoint this is advantageous and has tremendous benefits. With public shareholders you basically never know who they are. In the term of limited partners you know exactly who they are. With public investors you never know the source of funds. With private investors you certainly know the source of the funds through large pension funds. Ownership structure is different; a person who owns common stock has a voting right. Limited partners have no voting right; only an ownership interest in the fund. No direct or ownership interest. Private equity stays the same throughout the life of the fund, they do not change. Public shareholders, 70% change annually.

Member Gardner asked several questions to which Mr. Schrek responded.

- MGM – Corporate Restructuring

Based on staff's investigation and recommendation, Member Sullivan moved that **the Board approve MGM Mirage's request to merge Goldstrike Investments, Incorporated and Last Chance Investments, Incorporated into M.S.E. Investments Incorporated so that following the merger, Nevada Landing Partnership will be owned 15% by Diamond Gold Inc. and 85% by M.S.E. Investments Incorporated.** Member Gardner seconded the motion. The Board approved the motion unanimously by roll call vote.

- Hollywood Casino – Robert Saucedo, Director of Surveillance – Level One

Based on staff's investigation and recommendation, Member Sullivan moved that **the Board approve Robert Saucedo as an Occupational Licensee Level 1 in the position of Director of Surveillance at Hollywood Casino.** Member Winkler seconded the motion. The Board approved the motion unanimously by roll call vote.

- Empress Casino – Jose Flores, Director of Facility Operations – Level One

Based on staff's investigation and recommendation, Member Sullivan moved that **the Board approve Jose Flores as an Occupational Licensee Level 1 in the position of Director of Facility Operations at Empress Casino.** Member Winkler seconded the motion. The Board approved the motion unanimously by roll call vote.

- Par-A-Dice Casino – Chris Corrado, General Manager, Level One

Based on staff's investigation and recommendation, Member Sullivan moved that **the Board approve Chris Corrado as an Occupational Licensee Level 1 in the position of General Manager at Par-A-Dice Casino.** Member Winkler seconded the motion. The Board approved the motion unanimously by roll call vote.

OCCUPATIONAL LICENSES APPROVALS & DENIALS - Level 2's & 3's -

Based on staff's investigation and recommendation, Member Moore moved that **the Board approve 24 applications for an Occupational License, Level 2, and 102 applications for an Occupational License, Level 3.**

Further, Member Moore moved that **the Board direct the Administrator to issue a Notice of Denial to the following individuals who received notice that staff intended to recommend denial and either did not respond or provide additional information to rebut the recommendation.**

1. **Christie Lee Lozano**
2. **Thomas A. Koehler**
3. **Erick R. Walker**
4. **William Clanton**
5. **Eric E. Chapman**
6. **Elizabeth D. Barnett, and**
7. **Sheila Diane Kemp**

Member Sullivan seconded the motion. The Board approved the motion unanimously by roll call vote.

PROPOSED COMPLAINTS AND DISCIPLINARY ACTIONS -

- Brandi M. Harris, Occupational Licensee

Based on staff's investigation and recommendation, Member Winkler moved that **the Board issue a Disciplinary Complaint against Brandi M. Harris, an occupational licensee, based on her admission that she stole money from Harrah's Metropolis while working as a bank cashier.**

Further, Member Winkler moved that **the Board revoke Brandi M. Harris' occupational license. Said action to take affect twenty-one (21) days from the date of service of the complaint unless the licensee files an Answer within that time period.** Member Gardner seconded the motion. The Board approved the motion unanimously by roll call vote.

- Jacklin Younan, Occupational Licensee

Based on staff's investigation and recommendation, Member Winkler moved that **the Board issue a Disciplinary Complaint against Jacklin Younan, an occupational licensee, based on her admission that she stole money from Grand Victoria Casino while working as a valet cashier.**

Further, Member Winkler moved that **the Board revoke Jacklin Younan's occupational license. Said action to take affect twenty-one (21) days from the date of service of the complaint unless the licensee files an Answer within that time period.** Member Gardner seconded the motion. The Board approved the motion unanimously by roll call vote.

- Dennis Armstrong, Occupational Licensee

Based on staff's investigation and recommendation, Member Winkler moved that **the Board issue a Disciplinary Complaint against Dennis Armstrong, an occupational licensee, for failing to disclose material changes in information to the Board regarding his February 24, 2007 arrest and October 1, 2007 conviction for driving under the influence of alcohol.**

Further, Member Winkler moved that **the Board suspend Dennis Armstrong's, occupational license for 5 days without pay. Said action to take affect twenty-one (21) days from the date of service of the complaint unless the licensee files an Answer within that time period.** Member Sullivan seconded the motion. The Board approved the motion unanimously by roll call vote.

Member Gardner stated that future violations pertaining to the above will no longer be acceptable via suspension, and any change of status not reported to the employer or the IGB is not acceptable. Future violations could result in more severe suspensions or perhaps revocations.

ADMINISTRATIVE HEARINGS/ALJ REPORTS -

- Carmelita Y. Cotton – Request for Hearing

Based on a review of Carmelita Y. Cotton's request for hearing, Member Gardner moved **to deny the request due to her failure to set forth facts that establish a prima facie case i.e., that she did not confess, in writing, to stealing from her previous employer and that she did not disclose her October 22, 2007 arrest.** Member Winkler seconded the motion. The Board approved the motion unanimously by roll call vote.

- Courtland Wilson – Request for Hearing

Based on a review of Courtland Wilson's request for hearing, Member Gardner moved **to deny the request due to his failure to set forth facts that establish a prima facie case i.e., that he failed to disclose an October 28, 1989 arrest and a February 2, 2001 arrest.** Member Winkler seconded the motion. The Board approved the motion unanimously by roll call vote.

ADJOURNMENT -

At 2:05 p.m. Member Gardner motioned for adjournment while Member Winkler seconded the motion.

Respectfully submitted,

Mary C. Boruta
Secretary to the Administrator